

**TESTIMONY**  
**House Sub-Committee on the Coast Guard and Maritime Transportation**  
**Field Hearing in Long Beach, California**  
**August 4, 2008**

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**International Brotherhood of Teamsters**

Thank you, Chairman Cummings and members of the Sub-Committee on the Coast Guard and Maritime Transportation for the opportunity to present testimony on Port Development and the Environment at the Ports of Los Angeles and Long Beach. My name is Chuck Mack and I am an International Vice President of the International Brotherhood of Teamsters and Director of the union's Port Division.

For the past two years the Teamsters have partnered with the Natural Resources Defense Council, the Sierra Club, the American Lung Association, the Coalition for Clean Air, the Long Beach Alliance for Children With Asthma and over 30 other local, state and national organizations. We formed the Coalition for Clean & Safe Ports because the backwards economic conditions at the ports - particularly in the port trucking industry, has led to the environmental crisis we now face.

For too long, trucking companies and their shipper clients have been allowed to squeeze out more profits on the backs of over 20,000 workers across the state who keep our global economy moving. If we allow this broken system to continue, this workforce and taxpayers will continue to pay a dear price, both in dollars and with their health.

Goods movement prematurely claims the lives of over 3,700 Californians a year. In this very community we are in today, pollution from port trucks kills two people each and every week, and a broken port trucking system is to blame. Here's how it works -- trucking companies who hire drivers are currently free to skirt their responsibilities as legitimate employers, enabling them to cheat the state out of millions in payroll taxes by hiring so-called "independent contractors."

But let me be clear: Port drivers are not small business owners. They are severely underpaid workers who must sign leases that usually force them to haul for only one company, with no ability to negotiate rates, a fact that has led the attorney general to launch an industry-wide investigation. Their misclassification pins them with all the responsibility to buy and maintain trucks. They receive no health care, no social security, not even worker's compensation. They are paid only by the load, not the trip, traffic, or time, and only bring home on average \$29,000 a year -- far lower when the price of diesel climbs to over \$5.15 an hour as it is now.

It should come as no surprise that labor unrest is a pervasive feature of the port economy throughout North America, particularly here in southern California. In the nearly three decades since deregulation, drivers in US ports have struck, staged convoys and shut down the ports to protest their conditions related to the legal fiction that they are independent businesses, not

workers. This frequent unrest adds additional costs to business, workers and the community, costing port stakeholders millions of dollars.

Los Angeles and Long Beach were the sites of two major strikes that lasted several months in 1988 and 1995, involving thousands of misclassified drivers who halted all economic activity. With diesel costs soaring, more recently hundreds of drivers parked their trucks in protest in Oakland.

The dire economic conditions means this primarily immigrant workforce also owns the oldest and most polluting trucks. Recent emission tests conducted by the Natural Resources Defense Council showed that port drivers suffer some of the worst health effects from the dirty port trucking system because they breathe toxic fumes while idling in their trucks in line behind other dirty diesel trucks for hours to enter and exit the terminals.

People familiar with the ports describe the industry as "where old trucks go to die," because the market is so fragmented and unstable, but more literally because the average port truck in LA and Long Beach is 13 years old. Twelve percent of the current port truck fleet pre-dates 1989. The concentration of old diesel trucks in one place makes for a public health nightmare in harbor communities. A truck that is ten years old produces ten times the pollution as a new 2007 diesel truck, while a truck made before 1989 produces 60 times the amount of pollution as a model year 2007 truck. Old, ill-maintained trucks are one of the biggest culprits that make the ports the single largest stationary air pollution source in the State of California.

In order for the ports to continue to grow, officials reached a consensus that dramatic environmental mitigation measures were necessary to reduce overall emissions by 45 percent within five years. To achieve this goal as laid out in their Clean Air Action Plan, the ports are first relying on a landmark effort that will reduce emissions from port trucks by 80 percent and stabilize the workforce.

Failure to clean up port trucks will cost the region nearly \$6 billion in premature deaths, hospital admissions, respiratory illnesses and lost school and workdays over the next ten years.<sup>1</sup> Given the history of environmental and community litigation, particularly the success of a lawsuit against a proposed China Shipping terminal expansion project, failure to achieve emissions-reduction targets could also block needed infrastructure projects like the Middle Harbor project in Long Beach from coming on line to expand the ports' capacity. In Los Angeles, the TraPac terminal expansion project was granted a green light but only on the assumption that all trucks serving both ports will meet or exceed 2007 emission standards within five years.

More simply put, it's obvious that the status quo fails workers, business and the community alike. The Teamsters Union shares the belief that bold measures are critical to create livable, sustainable communities for working families of the region. That means we need to attack the root cause of the problem to solve the port trucking mess for the long term. Covering it up with a band-aid will fail all stakeholders – the Teamsters and all of our coalition partners only support a real cure will keep dirty diesel trucks off the road for good.

Several studies on port driver earnings provide statistical evidence why it is impossible for the current workforce who own trucks at the port to purchase new clean equipment. Even with subsidies financed through container fees, under no scenario can they as individuals afford the modernized fleet soon required by the Ports.

But all the statistics in the world don't tell the whole story until you put a human face to it. I would like to provide a couple of real life examples to illustrate the point.

At the end of my testimony, there is a spreadsheet titled, "Establishing a baseline for driver hourly earnings" which provides a real-life account of Lucia Dominguez who works for Land Truck at the ports of LA and LB. After subtracting all of her truck expenses from her gross income, then taking into account the number of hours she worked, her take-home pay was only \$10.16 an hour. Nearly one third of her income goes towards paying for fuel. More than half of her total earnings go toward paying her truck expenses. And she does not even have a truck payment. If she had a \$500 to \$600 monthly truck lease payment, her hourly pay would plummet to \$7.50 an hour.

Then there is Oscar Tarelo, who earns third world wages despite being born and raised in Long Beach. He is the father of three children who suffer from asthma, and has been a port driver for nine years. In 2004 Oscar opted to take clean air into his own hands and purchased a truck through Gateway Cities, a limited grant program resembling the Clean Trucks scheme recently approved by Long Beach Harbor Commissioners.

Oscar wanted to escape the diesel that permeated every aspect of his life, but soon discovered there was no way out. The debt he was left with (\$700 a month on his loan) along with the soaring cost of fuel and other expenses, has made it impossible for Oscar to properly maintain his truck to keep it clean-burning. This past Spring Oscar's truck broke down. He was forced to take it to a back-alley repair shop where he could barter for parts and pay a small fraction of what a dealer would charge.

He often works up to 70 hours a week to make his monthly truck payment, and the year after he's finally paid it off, in 2010, the Port will have to shell out another \$20,000 for it to be retrofitted. Further, new trucks are more expensive and difficult to maintain and keep in optimal working order.

And then what? In 2012, will he have to come up with \$100,000 plus for a 2007 truck or newer? Or will he qualify for a subsidy that will give him monthly payments too steep to afford fuel and necessary, high tech maintenance? Oscar Tarelo says he's had it with half-baked schemes, he's got a different plan: "I'll go haul at the Port of LA, where they are going to make the companies pay for the trucks."

The Los Angeles Clean Trucks Program is the only comprehensive, sustainable program that economists and environmentalists agree will clean the air in the long term and will better equip the industry for today's rapidly changing global economy.

Its lasting success hinges upon a 21<sup>st</sup> century business model that no longer forces impoverished truck drivers to be in charge of cleaner commerce. Instead it requires the industry that profits take responsibility for their workforce and a new fleet. And, because of powerful incentives built in to the proposal for the purchase of alt-fuel trucks like the 100 percent exemption from a per truck cargo fee, cleaner trucks will get on the road quicker.

The caveman economics won't allow anyone to compete and will only perpetuate a race to the bottom at our ports. Now, forward-looking investors and businesses can plan for a stable, strong and capitalized port trucking industry equipped to handle projected trade increases.

Fundamentally, what the Port of LA is trying to achieve with their Clean Trucks Program is to minimize the amount of equipment and hardware by maximizing the use of labor. Only a company-based system that enables the Port to hold trucking companies accountable for their operations is capable of achieving this fundamental objective. If companies are responsible for the costs of owning and maintaining the trucks operating under their authority, they will have economic incentives to maximize the hours each truck is in service. An owner operator system prevents these efficiencies from occurring because the owner of the truck is limited in the number of hours he can work, notwithstanding that the owner operator system makes drivers akin to sharecroppers on wheels.

Minimizing the number of trucks serving the port by maximizing their hours of service will reduce the number of trucks, reduce congestions and wait times, increase operational efficiencies through more load matching. Finally, the ports need a program so they can achieve a greater level of security at the port. The Transportation Worker Identification Credential has taken years to get off the ground, and it is unclear when it will actually be operational. In the meantime, the ports need to be able to identify who the drivers are in case there is a problem. The Clean Trucks Program will enable them to register drivers and require trucking companies to be held responsible for their workforce. For example, if there is a security issue now, the port has no way of verifying who the driver is. The port could contact dozens of trucking companies and still not find out who the driver is. Conversely, if there is a security issue with a longshore worker, the port only needs to contact the International Longshore and Warehouse Union local union or one of the terminal operators to find who the worker in question is. The Clean Trucks Program will greatly enhance security because it will require trucks operating at the Port to be owned and registered by companies given a five-year permit – concession – in order to access the Port.

These concessionaires will employ truck drivers and be held accountable for ensuring that all trucks meet the requirements of the Clean Truck Program over the long run – from proper maintenance of trucks to security and licensing – a departure from the loose, independent structure without safeguards now in effect at the Port.

By fixing this broken system at the root of the Port's truck pollution problem, LA's strategy improves security and public safety at the region's most important trade center.

While the San Pedro Ports are the first ports in the United States to address the port truck pollution, they are not the first in North America to enact a license program to stabilize the industry. In 1999, the Vancouver Port Authority enacted a truck licensing program that restricts access to trucking companies that have obtained a license from the port. The Vancouver Port

Authority credits its current workforce stability to a mandatory licensing system for trucking companies doing business at the ports that hire employees. The trucking industry in Canada has accepted this business model without litigation. Further, the Port is now phasing in truck standards to clean up the fleet.

Finally, the temporary container fee that the ports enacted is a one-time subsidy to enable the port trucking industry to transition to an asset-based, clean truck operational model. Given the reluctance on the part of the big retail shippers to pay haul rates to trucking companies that would enable them to purchase new clean equipment on a regular basis, a temporary container fee is a reasonable user fee imposed on the shippers to finance this transition.

In the face of the unreasonable efforts by the American Trucking Association to block the enactment of the ports' Clean Trucks Programs, the Teamsters Union urges this Committee to provide whatever support it can to ensure the successful implementation of the Los Angeles Clean Trucks Program for the health of our communities, the workers at the ports, and for the future health of our economy.

Thank you.

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<sup>1</sup> "Road to shared prosperity," Los Angeles Alliance for a New Economy. 2007.

Establishing a baseline for driver hourly earnings  
Lucia Dominguez, Land Trucking

### Monthly Earnings/ Ganancias

\$ 1,100.00	1. Por Semana/Per Week
\$ 1,100.00	2. Por Semana/Per Week
\$ 1,100.00	3. Por Semana/Per Week
\$ 1,100.00	4. Por Semana/Per Week
<b>\$ 4,400.00</b>	<b>Total per month/por mes</b>

### Monthly Hours/Horas Por Mes

48	1. Hours per week/Horas por semana
48	2. Hours per week/Horas por semana
48	3. Hours per week/Horas por semana
48	4. Hours per week/Horas por semana
<b>192</b>	<b>Total per month/por mes</b>

### Monthly Expenses/ Gastos

Truck Payment/Pago de Camion	\$ -
Truck Ins./ Aseguranza de Camion	\$ 460.00
ROUTINE Maintenance & Service/Mantenimiento y Servicio (average over last 3 mo)	\$ 100.00
MAJOR Maintenance & Service/Mantenimiento y Servicio (average over last 12 mo)	
Fuel/ Combustible	1. Por Semana/Per Week \$ 350.00
	2. Por Semana/Per Week \$ 350.00
	3. Por Semana/Per Week \$ 350.00
	4. Por Semana/Per Week \$ 350.00
	<b>Total per month/por mes \$ 1,400.00</b>
Parking/ estacionamiento	\$ 150.00
Cell Phone/ Celular	\$ 100.00
Registration/Registracion (\$179-\$184)	\$ 184.00
Road Tax (\$46)	\$ 54.00
Any other Expenses	
<b>Total Monthly Expenses</b>	<b>\$ 2,448.00</b>

### What you make per hour/Lo que ganas por hora

Total Monthly Earnings/Ganancias Mensuales	4,400
Minus/Menos	
Total Monthly Expenses/Gastos Mensuales	- 2,448
	= 1,952
Divided by Monthly hour	
Dividido por horas mensuales	÷ 192
<b>What you make per hour/Lo que ganas por hora</b>	<b>\$10.16 PER HOUR/POR HORA</b>